

LESSON PLAN

Unit 25. CAR BUYING

X-XXX-XXX2 Rev B

Topic 25.1 Car Buying

CLASS PERIODS: 1

LAB PERIODS: 0

Enabling Objectives:

- 22.1 **IDENTIFY** how to choose the Right Affordable Car to buy in accordance with Car Buyer's Guide by GEICO
- 22.2 **IDENTIFY** methods of Financing a Car in accordance with Car Buyer's Guide by GEICO

Trainee Preparation Materials:

A. Trainee Support Materials:

- 1. None

B. Reference Publications:

- 1. None

Instructor Preparation:

A. Review Assigned Trainee Material

B. Reference Publications:

- 1. Car Buyer's Guide by GEICO, none

C. Training Materials Required:

- 1. Transparencies
 - a. Car Buying, 25-1-1
 - b. Car Buying Tips, 25-1-7
 - c. Financing, 25-1-3
 - d. Inspect the Car, 25-1-6
 - e. Insurance Rates, 25-1-2
 - f. Interest Rates, 25-1-4
 - g. N.A.D.A., 25-1-5
 - h. Summary, 25-1-8

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DISCUSSION POINT

1. Introduction

RELATED INSTRUCTOR ACTIVITY

1. Establish Contact.

Write name on VAP board.

Introduce Yourself.

For many Sailors who just completed Recruit Training, buying a car is their first priority. The decision to purchase a car must be carefully examined. The length of your training pipeline, parking availability, and your finances are just some of the important things to consider.

State Lesson Objectives.

Reference Car Buyer's Guide by GEICO, none.

2. Car Buying

2. Show Transparency 25-1-1, Car Buying.

a. Choosing the Right Car

(1) What is the car going to be used for?

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (2) Find out all you can about the car through various publications and study the features offered.
 - (a) Fuel economy
 - (b) Safety features (anti-lock brakes, air bags, etc.)
 - (c) Warranties
- (3) Another way to learn more about a car that you're interested in buying is to ask someone who already has one or you may even consider renting one to drive over a period of a day or two.
 - (a) Talk with an NMT staff member or fellow shipmates about their experience in car buying. They may be able to help you find a reputable dealership where you can get a "good deal."

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DISCUSSION POINT

- (b) Many Family Service Centers conduct Car Buying Seminars.
- (c) Check with Better Business Bureau, Family Service Center (FSC), and Navy Legal Office for problem dealerships.
- (4) Insurance Cost
 - (a) Compare the insurance rates on the car you are interested in buying with at least three (3) different insurance companies.
 - (b) Insurance rates are determined by such things as:
 - 1) Age
 - 2) Marital status

RELATED INSTRUCTOR ACTIVITY

- (b) Show Transparency 25-1-2, Insurance Rates.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- 3) Driving record and experience
 - 4) Car type (engine size, safety features, etc.)
 - 5) Miles driven per year
- (5) What Can You Afford
- (a) The maximum recommended monthly payment for a single person is 25% of their total monthly net income.
 - (b) The maximum recommended monthly payment for a married person is 18% of their total monthly net income.

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DISCUSSION POINT

- (c) Remember, the monthly car cost includes not only the car payment, but insurance, fuel cost, and maintenance or upkeep cost.

RELATED INSTRUCTOR ACTIVITY

3. Financing

- a. Shopping for a car loan is as important as shopping for a car. A typical 7% four-year loan will add more than \$2,200 to the total cost of a car costing \$15,000.

- b. The most common places to get a car loan are:

- (1) Credit unions (a good place to start) - interest rates are usually from 6% - 9%

- (2) Banks (interest rates higher than credit unions) - usually require a down payment and interest rates are usually from 8% - 12%

- b. Show Transparency 25-1-3, Financing.

- (2) Show Transparency 25-1-4, Interest Rates.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (3) GMAC, Ford Motor Company, or other manufacture finance company
- (4) Dealerships (most costly option) - interest rates will usually be the highest and could be over 20%
- (5) Cash (probably not an option at this time)
- c. When shopping for a car loan, compare the Annual Percentage Rate (APR) and the total financing cost.
- d. When shopping for a place to get your car loan from, find out if you'll be penalized for paying off the loan early or if you make a late payment.
- e. Buying a Used Car

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DISCUSSION POINT

- (1) Check the N.A.D.A. (Blue Book) Used Car Guide for the listed cost of the car you are interested in buying.
 - (a) Has a complete listing of all cars, trucks, and vans
 - (b) Lists cars by make, model, and body type. Provides Average Retail Price, loan and trade-in value
 - 1) Reasonable cost would be between average retail price and trade-in value
- (2) Kelly Blue Book
- (3) Pace Auto Guide
- (4) Internet

RELATED INSTRUCTOR ACTIVITY

- (1) Show Transparency 25-1-5, N.A.D.A..

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (a) www.traderonline.com/KBB.com
 - (b) www.KBB.com
 - (5) Credit Union(s)
 - (6) Reliability reports
 - (a) Consumer Digest
 - (b) Consumer Reports
 - (7) Inspect the Car
 - (a) Compare the total number of miles on the odometer to how old the car is. Average car mileage per year is 12,000
- (7) Show Transparency 25-1-6, Inspect the Car.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (b) Check under the car (rust, missing muffler, worn shocks, leaks, etc.)
- (c) Check under the hood (worn hoses, oil leaks, battery leak, etc.)
- (d) Check the interior (worn carpet, worn gas/brake pedals, unusual odors, upholstery, etc.)
- (e) Examine the body of the car (dents, rust, any body repairs which might indicate that this car has been in an accident, glass, etc.)
- (f) Check the tires for uneven wear
- (g) Check the trunk (spare tire, tire jack, etc.)

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (h) Odometer (compare to door stickers to check for fraud, signs of tampering)
 - (i) Door stickers (regular service)
 - (j) Test drive the car (check the steering, brakes, transmission, heater, air conditioning, unusual noises, comfort, etc.)
 - (k) Take the car to an independent mechanic to inspect the car before you buy it
 - 1) Getting your potential purchase inspected by a third party mechanic will cost \$50 to \$100 and may be worth the time and money
- (8) More Car Buying Tips (New or Used)
- (8) Show Transparency 25-1-7, Car Buying Tips.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

- (a) Never shop for a car by yourself
 - (b) Shop for a car during the daytime (especially a used car)
 - (c) Dealer installed options (stereo radio systems for example) can increase the cost of the car. To save money, buy these items elsewhere
 - (d) Buy a car at the end of the month. Dealership salespeople are anxious to meet monthly sale goals and may be more willing to come down on the price of the car
- (9) Don't Impulse Buy
- (a) Have your NMT staff member or base Legal Assistance Office review any contract before you buy

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DISCUSSION POINT

4. Summary
 - a. Choosing the Right Car
 - b. What Can You Afford
 - c. Financing
 - d. Buying a Used Car
 - e. More Car Buying Tips
 - f. Don't Impulse Buy
5. Assignment
 - a. None

RELATED INSTRUCTOR ACTIVITY

4. Show Transparency 25-1-8, Summary.

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

6. Evaluation

a. None